



January 23, 2006

Committee for Purchase from People Who
Are Blind or Severely Disabled
Jefferson Plaza 2, Suite 10800,
1421 Jefferson Davis Highway
Arlington, VA 22202-3259

Reference: 41 CFR Parts 51-2 and 51-4

Members of the Committee:

These written comments are provided in reference to the proposed rules on qualifications required of nonprofit agencies and executive compensation.

The Huntsville Rehabilitation Foundation, Inc has participated in the JWOD program since its inception in 1973 and is a comprehensive, community based vocational rehabilitation program that currently provides almost 350 jobs to people with disabilities through JWOD service and commodity contracts. Our CEO has served on the NISH board and the NCWC Executive Committee and as our State Association President. Our organization has successfully performed over \$320 million in JWOD contracts in the past twenty-five years. For the record, our CEO's compensation is **SUBSTANTIALLY** below the proposed salary maximum discussed by the Committee.

Concerning the Committee's Good Governance Practices proposed criteria; every practice proposed in the Committee notice are covered by CARF standards. If the Committee determines to impose such criteria; then we **STRONGLY** urge the Committee to accept CARF accreditation in lieu of an additional JWOD audit. CARF is experienced and quite adept at interpreting their rules in light of organization size, sophistication and community needs. Imposing additional management audits on CARF accredited programs would be redundant and an irresponsible use of the NPA's and Committee resources. Other accreditations may well also serve this purpose.

We **STRONGLY** oppose the requirement to publish financial data to the general public. We provide audits and data to appropriate organizations, such as United Way, Combined Federal Campaign, NISH, etc. We file all appropriate IRS forms and documents. Publicly publishing financial data only invites its mis-use by those wishing to do the program harm. For instance, the Committee has long recognized that it is

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prudent for NISH and other non-profits to have a six month operation expense reserve. A person from the general public or news media with no board of director or financial experience might see a sum of money on a balance sheet held for operational reserve and imply that holding such money is inappropriate for a non-profit organization since a six month reserve could well be millions of dollars.

Public agencies have an entirely different world of compliance which varies from state to state and it is impossible to imagine how one set of standards could possibly accommodate the variance in legislation from state to state.

Any imposition of any rules of governance or executive compensation must include defined due process for appealing any negative finding for a NPA prior to any negative action taken by the Committee. No such due process is addressed.


Any rules concerning executive compensation developed should be in relationship to the total revenue of the organization and total payroll. Comparing a private sector salary to the government salary schedule is not an accurate comparison; it is apples to oranges for many reasons. Likewise, comparing a salary in New York City to Huntsville, Alabama is also apples to oranges. The only standard that is consistent is organization budget and payroll and the ratio of executive compensation to those numbers.

Executive compensation is part of overhead and only in that light should it be examined concerning fair market pricing. Digging specifically into executive compensation as part of pricing is extraordinarily inappropriate.

The proposed definition of "financial expert" in the notice basically describes a certified public accountant (experience preparing, auditing.....). A CPA is specifically prohibited (by their professional code of ethics) from providing CPA opinions while serving on a voluntary board. While we agree that it is critical to have board members with substantial financial knowledge, bankers and small business owners can also meet that need. Neither of these occupations would meet the definition as furnished in the "definitions of terms in quotation marks above". A more general definition of financial expert would be suggested if the Committee requires this standard.

We appreciate the opportunity to provide comments on the proposed rules.

Sincerely,


Eddie Williams
Chairperson of the Board

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